



## FACULTY OFFICE

### Quarterly Master's Council Meeting

Meeting held on Monday 03 July 2023 at 3.30pm via Zoom and office

#### Present/Online:

Morag Ellis KC, Master of the Faculties (ME)  
Jim Clifford, OBE (JC)  
Sue Goss, Accountant (SG)  
Howard Dellar, Registrar, Faculty Office (HD)  
Ian Blaney, Deputy Registrar, Faculty Office (IB)  
Mili Bhanji, Deputy Chief Clerk, Faculty Office (MB)  
Neil Turpin, Chief Clerk, Faculty Office (NT)  
Jaymisha Tailor, Administrator, (JT) (Minutes)

Welcome and apologies – no apologies to report.

Opening matters: Declarations of interest relevant to the business of the meeting – none to report

Review minutes of previous meeting and action points/matters arising that are not covered in the agenda

ME approved minutes of the last QMC meeting. No further comments or matters arising from the minutes reported.

#### PART I – England & Wales Notarial Matters

##### 1. Faculty Office

##### (i) Financial update (HJD/SG)

SG presented her papers on the FO accounts, which including notes of her meeting with Hayesmacintyre. She confirmed that Haysmacintyre had completed their inspection and no issues were raised.

Bank Balance as of 01 July 2023 is £716,146 with a balance on Paypal of £19,934 to be transferred.

HD opened a discussion around his research into interest bearing deposit accounts which would sit alongside the current account. He confirmed that various options were available, and SG agreed to prepare a cashflow and interest account analysis report for the next meeting.

ME sought JC's comments on the accounts. JC reported that the accounting numbers are clear but what stood out was the directors report. JC indicated that he accepts that the FO are a small entity therefore no need to produce a director's report but suggested that preparing one would be maximising the opportunity for positive publicity.

It was agreed that a full form of directors' report would be explored for the next year.

SG to proceed on the basis that the accounts were agreed.

### **Contingency Fund Account**

SG reported that although there was a lot of expenditure in the year, MB expects that most of it will be recovered from the disciplinary matters and thus been included as debtors.

MB indicated that that the difficulty arises when we need to recover monies via the small claims court, which can take a long time. The FO also need to factor in the costs for pursuing debtors, i.e., legal costs. In the Coates matter we are aware that there is money to be recovered / funds available, whereas with Kerr matter, we do not know if funds are available to recover and therefore the recovery of costs is a greater risk and concern.

MB reported that two disciplinary cases resulted in payment been made or a payment arrangement been agreed. There are no ongoing cases in the pipeline where the FO is likely to in the same costs position as were with the likes of Coates and Kerr.

SG reported that the reserves as of the end of March 2023 stand at £160k and expressed that the there is no need to impose a contribution from Notaries in 2023/2024 unless the FO feel this may be necessary.

The Master was re-assured that the contingency fund level would not need to be raised for this year but will keep a close eye as matters arise. JC added that it would be prudent to note it within the risk register that it is an acceptable risk at this stage but will review regularly to ensure there is no risk that will break the assumption.

### **Budget**

SG directed the board to the checklist following her meeting with the Audit Committee.

[REDACTED]

[REDACTED]

With regards to the Notaries, the numbers have increased. There were 742 last year and heading towards a potential 50 new admissions. NT indicated that we may be up to 765 by the end of this year, taking into account new admissions and retirement.

NT explained that he is inclined to increase the numbers to 760 for the next three years for the purpose of the budget. This was agreed by the board for the next three years.

It has become apparent that the profession is attracting the younger age group. ME suggested that the FO ask those who have become notaries in the last three years, what led them to the profession. It would be interesting to know this information for diversity purposes. HD added that it would be interesting to additionally discuss this with the Notaries Society and Scriveners and if permissible, put forward questions to them.

## Other Income:

### *Notarial Fees*

#### *Increase:*

- Channel Island Registration Fees – currently £275.00 to increase to £300.00 from January 2024
- UK Appointment Fees – it was agreed to keep the fee at £625 and charge for calligraphy separately
- Overseas Appointment Fees - currently £700 to increase to £790.00 from 1 October 2024 to include calligraphy
- *Certificate Fees* – £165.00

#### *Management Charge & Other Heads of Expenditure:*

##### *Repairs:*

- The FO has been making reserves for the building works/ dilapidations. 2024/25 will be the last year for including this reserve. It may be that all works will not be needed, in which case the monies can be refunded to the FO.

##### *IT Project:*

- *Budgeted for ongoing work at £30k for each of the three years. This includes the expected expenditure on Cyber Security in the current year of £7,750 (incl. of VAT). The Master specifically requested that the budget should cover unexpected developments.*

*NT reported no plans for any major overhauls and the admissions portal is within budget.*

##### *Audit Fees:*

- FO have chosen not to have an audit next year and the plan is to undertake an audit on a tri-annual basis.

##### *Inspection Fees:*

- It was agreed that the inspection fee would increase from £625 to £700 as of 1<sup>st</sup> April 2024
- ME reported that the recruitment process for additional inspectors ought to start as soon as possible.

##### *Regulatory expenses:*

- SG reported she has budget £30,000 for Strategic regulatory expenses to include £22,000 for AML for the period now to October 2023. Agreed that the AML costs would be £22,000 in the first year then reduced by half in the subsequent two years.

##### *OPBAS Fee:*

- Increase by 7%

##### *Notaries Surplus:*

It was agreed that an 8% increase to be applied per band so that it is clearer and easier to explain to the LSB and that the rationale is that it is in line with inflation.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(ii) Internal AML Handbook (MB/IB) (draft handbook attached)

MB reported that the purpose of the Internal AML Handbook is to codify our AML work in a way that will evidence effectiveness as a professional body supervisor for anti-money laundering and terrorist financing. It is to be read in conjunction with the OBPAS Sourcebook and the Faculty Office Assurance Policy.

The current draft has additional sections and chapters incorporated therein, suggested by OPBAS for example, a section on Intelligence Sharing Policies.

ME expressed the view that the electronic side has been set up very well and that the links to the policies referred to within the handbook is a good tool as it takes you straight to Faculty Office Website.

IB further reported that the handbook is not for external dissemination and will not be published on the website – it is for internal use only.

JC explained that he has not had much time to fully review the handbook but made the following comments:

- a) At Page 5 – the organisation chart does not show clear lines of authority, it is just a list. JC suggested that the hierarchy needs to be clearer. ME and JC agreed that the responsibilities and lines of authority need to be clearer.
- b) Inspection Reports – JC reported that it was not clear what the procedure and process is regarding inspections. MB explained that there will be a user guide accompanying the AML handbook which will set out the process and procedure.

It was suggested that a link to the website Governance Manual would be prudent to demonstrate that the FO is consistent of what is in the public domain.

JC requested a couple more days to review and will revert to MB with any comments by 7<sup>th</sup> July 2023.

(iii) Special licence fees

As above.

2. LSB matters

(i) LSB Annual Regulatory Performance Assessment clarification assessment and well led review action plan and new framework

NT reported that we have received a letter from LSB signing off the Action Plan and is content that the FO have met all elements of the Action Plan. The LSB have made some recommendation which NT will consider and respond to. NT anticipated to have a draft response prepared by the end of the month and will circulate the same as soon as it has been prepared.

(ii) LSB priorities generally

NT reported that the LSB priorities are bound up with the Annual Assessments and we are required to update them on how we are doing on matters such as Diversity and On-going Competence.

3. The Master's priorities

(i) Protecting and promoting the interests of the consumer

-S 69 order (email of Ministry of Justice of 28 June attached) - update (IB)

IB directed the board to the recent email correspondence from the MoJ regarding the S69 order. IB reported that they raised 2 points (1) regarding a review of the rebukes and (2) enforcement powers through the County Court or the High Court and will respond accordingly.

- Insurance minimum terms, run off cover and the level of cover (paper attached) – update (NT)

NT reported that the paper is prepared and following on from the last meeting, he will liaise with brokers.

The Master suggested that she will additionally liaise with her chambers director (Vicky Cousins) to provide a consumer's view.

ii) Protecting and promoting the public interest and promoting and maintaining adherence to the professional principles.

-Review of the FO discipline system (paper attached) – update (NT)

IB reported that the paper on Discipline System was circulated for comment with the deadline of 6<sup>th</sup> July 2023. Once all the comments have been submitted, we will have a better blueprint of draft paper and rules.

-Review of the three sets of accounts rules (paper attached) – update (NT)

NT reported that the account rules are to be sent to an account for review and suggestions before consultation. JC added he has not had the opportunity to review the paper but happy to provide his comments and revert to

IB thereafter.

-Reinforce the sanctions regime-review against action plan.

IB reported that MB would be best placed to comment however MB was required to depart from the meeting early. IB added that the Sanctions Regime review is on track with the Action Plan.

HD reported that a trainee will be starting in September 2023 to provide further assistance to MB.

-Review progress on increasing FO reserves.

iii) Encouraging an independent, strong, diverse and effective legal profession

*-Diversity*

NT reported that Ola and NT recently attended a meeting held by Clifford Chance Solicitors regarding barrier to entry and progression. NT felt this was a useful and insightful session and good conversations were had.

ME asked whether the FO had recruited an intern for this summer. HD explained that the FO would consider one for 2024 and the possibility of utilising the 10,000 Black Interns Program again. HD additionally reported that Ola Olajide will be joining the Ecclesiastical Law Society Committee which will be fruitful in obtaining useful contacts.

iv) Supporting the constitutional principle of the rule of law

ME reported that the Scriveners Society are holding an event in September of which ME will be attending as a speaker. The Rt. Hon, Sir Keith Lindblom will also be doing a short presentation

ME shall suggest that the FO receive invites.

v) Increasing public understanding of the citizen's legal rights and duties and improving access to justice. Legal Education.

*- Legal Choices*

HD reported that he recently met with Legal Choices and requested that HD remain chairing for it for the next year. It was noted that the Bar Standards Board has come back into the field.

#### 4. AML matters

IB reported that the Criminal Record Check legislation is now coming into force and guidance notes have been submitted to the advisory board in draft.

- Appointment of consultant

AML Consultant (Fraser Sinclair) has been appointed to provide bespoke training and complete a review of the Faculty Office AML framework.

#### 5. Legal education

- Law Training Centre
- University College London

## PART II – Overseas Notarial Matters

These items are not for publication

## PART III – Ecclesiastical Matters

- (i) Marriage law update

These items are not for publication

Date of next meeting

02 October 2023 (Master's Quarterly Council meeting)